

INFORMATIVE DIGEST

Title 10, Chapter 5, Subchapter 10

Article 1, Section 2699.1-2699.7

SUMMARY OF EXISTING LAW

California Insurance Code Section 1035.2, which went into effect on January 1, 2002 (Senate Bill 80) provides, among other requirements, that the officers and employees of the Conservation & Liquidation Office are subject to the same conflict of interest and financial disclosure requirements that apply to California Department of Insurance (“CDI”) officers and employees. This statute also requires the CDI to promulgate and adopt conflict of interest regulations on an emergency basis prior to February 1, 2002.

POLICY STATEMENT OVERVIEW

At present, there are no conflict of interest and financial disclosure regulations which pertain to the officers and employees of the CLO. Given the importance of the CLO’s duties and the size and scope of the its operations, the Insurance Commissioner believes that the CLO officers and employees should be subject to the same conflict of interest and financial disclosure requirements as currently apply to state officers and employees.

LOCAL MANDATE DETERMINATION

The Insurance Commissioner has determined that the proposed regulations will not result in any new program mandates on local agencies or school districts.

COST OR SAVINGS TO STATE AGENCIES

The Insurance Commissioner has determined that the proposed regulations do not impose any cost on or result in any savings to any state agency.

COST TO LOCAL AGENCIES AND SCHOOL DISTRICTS/FEDERAL FUNDING

The Insurance Commissioner has determined that the proposed regulations will not result in any cost to any local agency or school district for which Part 7 (commencing with Section 17500) of Division 4 of the Government Code would require reimbursement, nor will the proposal affect federal funding to the state.

NONDISCRETIONARY COSTS OR SAVINGS TO LOCAL AGENCIES

The Insurance Commissioner has determined that the proposed regulations do not impose other nondiscretionary costs or savings on local agencies.

SIGNIFICANT STATEWIDE ADVERSE ECONOMIC IMPACT ON BUSINESSES AND THE ABILITY OF CALIFORNIA BUSINESSES TO COMPETE

The Insurance Commissioner has determined that the proposed regulations will not have significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

EFFECT ON JOBS AND BUSINESSES IN CALIFORNIA

The Insurance Commissioner has determined that the proposed regulations will have no effect on the creation or elimination of jobs in California; the creation of new businesses or the elimination of existing businesses in California and will have no effect on the expansion of businesses in California.

COST IMPACT ON PRIVATE PERSONS OR ENTITIES

The Insurance Commissioner has determined that the proposed regulations will not have any potential cost impact on private persons or businesses.

SPECIFIC TECHNOLOGIES OR EQUIPMENT

The Insurance Commissioner has determined that the proposed regulations will not mandate the use of specific technologies or equipment.

IMPACT ON HOUSING COSTS

The Insurance Commissioner has determined that the proposed regulations will not affect housing costs.

IMPACT ON SMALL BUSINESSES

The Insurance Commissioner has determined that the proposed regulations will not have any effect on small businesses.

ALTERNATIVES

The Insurance Commissioner must determine that there is no alternative which would be more effective in carrying out the purpose of the proposed regulations or which would be as effective and less burdensome to affected private persons than the proposed regulations.

PLAIN ENGLISH

The proposed regulations are in plain English except to the extent that technical terms could not be avoided.

FEDERAL STATUTES OR REGULATIONS

There are no existing or comparable federal regulations or statutes.

INITIAL STATEMENT OF REASONS

Statement of Specific Purpose

The specific purpose of the adoption, and the rationale for the determination that the adoption is reasonably necessary to carry out the purpose for which it is proposed, together with a description of the public problem, administrative requirement, or other condition or circumstance that each adoption is intended to address is set forth below:

Title 10, Chapter 5, Subchapter 10, Article 1, Sections 2699.1-2699.7 implement, interpret, and make specific Government Code Section 87300, *et seq.* and Insurance Code Section 1035.2

Section 2699.1

The specific purpose for the adoption of this section is to designate specific employees who are involved in the making or participate in the making of decisions which may foreseeably have a material effect on any financial interest of those employees.

It is reasonably necessary for the Insurance Commissioner to adopt this section because there is no current regulation which makes such designations, and Insurance Code Section 1035.2 requires the Insurance Commissioner to promulgate and adopt this regulations on an emergency basis.

Section 2699.2

The specific purpose for the adoption of this section is to enumerate the specific types of investments, business positions, interests in real property, and sources of income for each designated employee.

It is reasonably necessary for the Insurance Commissioner to adopt this section because there is no current regulation which makes this enumeration for the CLO, and Insurance Code Section 1035.2 requires the Insurance Commissioner to promulgate and adopt this regulation on an emergency basis.

Section 2699.3

The specific purpose for the adoption of this section is specify the place for filing the Statements of Economic Interests and the time for filing the different categories of Statements of Economic Interests.

It is reasonably necessary for the Insurance Commissioner to adopt this section because there is no current regulation which specifies this for the CLO, and Insurance Code Section 1035.2 requires the Insurance Commissioner to promulgate and adopt this regulation on an emergency basis.

Section 2699.4

The specific purpose for the adoption of this section is to specify the contents of each category of Statement of Economic Interests and to specify the period of time applicable to each category of Statement of Economic Interests.

It is reasonably necessary for the Insurance Commissioner to adopt this section because there is no current regulation which specifies this for the CLO, and Insurance Code Section 1035.2 requires the Insurance Commissioner to promulgate and adopt this regulation on an emergency basis.

Section 2699.5

The specific purpose for the adoption of this section is to specify the parameters applicable to each different category of disclosure.

It is reasonably necessary for the Insurance Commissioner to adopt this section because there is no current regulation which specifies this for the CLO, and Insurance Code Section 1035.2 requires the Insurance Commissioner to promulgate and adopt this regulation on an emergency basis.

Section 2699.6

The specific purpose for the adoption of this section is to list the duties of the filing officer, pursuant to Government Code Section 81010.

It is reasonably necessary for the Insurance Commissioner to adopt this section because there is no current regulation which specifies this for the CLO, and Insurance Code Section 1035.2 requires the Insurance Commissioner to promulgate and adopt this regulation on an emergency basis.

Section 2699.7

The specific purpose for adopting this section is to make it explicit that all statements filed pursuant to this Conflict of Interest Code are public documents and are available for inspection and reproduction within the second business day after the statements are received.

It is reasonably necessary for the Insurance Commissioner to adopt this section because there is no current regulation which specifies this for the CLO, and Insurance Code Section 1035.2 requires the Insurance Commissioner to promulgate and adopt this regulation on an emergency basis.